

EXHIBIT 1

INTRODUCTION

Respondent Xochilt Ruvalcaba was a successful first-time candidate for the South Gate City Council in the March 2, 1999 General Municipal Election. Friends of Xochilt Ruvalcaba for South Gate City Council (the “Committee”) is the controlled committee of Respondent Xochilt Ruvalcaba. Respondent Maria Ruvalcaba serves as treasurer of the Committee.

As a candidate, Respondent Xochilt Ruvalcaba, along with her controlled committee, had certain filing obligations under the Political Reform Act (“Act”).¹ In this matter, Respondents failed to timely file a second pre-election campaign statement, a late contribution report, and a semi-annual campaign statement, in violation of the campaign reporting provisions of the Act.

For purposes of this Stipulation, Respondents’ violations are stated as follows:

- COUNT 1: Respondents failed to file a second pre-election campaign statement, by February 18, 1999, for the reporting period January 17 to February 13, 1999, in violation of Section 84200.5, subdivision (c).
- COUNT 2: Respondents failed to file a late contribution report, by February 19, 1999, disclosing a \$4,000 loan from Respondent Xochilt Ruvalcaba, in violation of Section 84203.
- COUNT 3: Respondents failed to file a post-election semi-annual campaign statement, by July 31, 1999, covering the reporting period February 14 to June 30, 1999, in violation of Section 84200, subdivision (a).
- RESPONDENTS: Xochilt Ruvalcaba, Friends of Xochilt Ruvalcaba for South Gate City Council, and Maria Ruvalcaba.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to assure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters will be better informed, and so that improper practices will be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system to accomplish this purpose of disclosure.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission appear at California Code of Regulations, Title 2, sections 18109-18996. All regulatory references are to Title 2 of the California Code of Regulations.

Duty to File Pre-election Campaign Statements

Section 84200.5 requires candidates and their controlled committees to file two pre-election campaign statements, disclosing contributions received and expenditures made before the election in which the candidate is running. Section 84200.8 sets forth the pre-election filing schedule for elections held in odd-numbered years. Under that statute, the first pre-election campaign statement must be filed no later than 40 days before the election, covering the period ending 45 days before the election. The second pre-election campaign statement must be filed no later than 12 days before the election, for the period ending 17 days before the election.

Duty to File Late Contribution Reports

Under Section 84203, subdivision (a), when a candidate or his or her controlled committee receives a late contribution, the candidate and the committee must file a late contribution report within 24 hours of receiving the contribution. Section 82036 defines a “late contribution” as a contribution (including a loan) aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election statement. Under Section 84200.8, subdivision (b), the late contribution period covers the last 16 days before the election.

Duty to File Semi-annual Campaign Statements

Section 84200, subdivision (a) requires candidates and their controlled committees to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year. Under Section 84214, as interpreted by Regulation 18404, candidates and their controlled committees may end their filing obligations by filing a statement of termination.

Duties of a Treasurer

Under Section 81004, subdivision (b), Section 84100, and Regulation 18427, subdivision (c), it is the duty of a committee’s treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee’s treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5, 91006.)

SUMMARY OF THE FACTS

Respondent Xochilt Ruvalcaba was a successful first-time candidate for the South Gate City Council in the March 2, 1999 General Municipal Election. Friends of Xochilt Ruvalcaba for South Gate City Council is the controlled committee of Respondent Xochilt Ruvalcaba. Respondent Maria Ruvalcaba serves as the treasurer of Respondent Committee. During the March 2, 1999 election, Respondents raised \$19,638 in campaign contributions, and made \$27,286 in campaign expenditures.

COUNT 1

Failure to Timely File a Second Pre-election Campaign Statement

Respondents were required to file a second pre-election campaign statement by February 18, 1999, for the reporting period January 17 through February 13, 1999. Respondents failed to file the statement by that due date, in violation of Section 84200.5, subdivision (c).

On March 11, 1999, South Gate City Clerk Nina Banuelos sent a letter to Respondents, informing them that their second pre-election campaign statement was past due. Receiving no reply to this letter, on March 31, 1999, Ms. Banuelos sent a second letter to Respondents reminding them that their second pre-election campaign statement was past due. When Respondents did not respond to the second letter, Ms. Banuelos referred the matter to the Enforcement Division of the Fair Political Practices Commission.

On July 15, 1999, Investigator William Motmans spoke with Respondent Xochilt Ruvalcaba by telephone, and directed her to file the past due second pre-election campaign statement. On August 26, 1999, Ms. Banuelos sent a third notice to Respondents regarding the past due second pre-election campaign statement, and in that notice she also requested Respondents to file the semi-annual campaign statement described in Count 3.

On December 22, 1999, Respondents filed the second pre-election campaign statement nine months late.

COUNT 2

Failure to File a Late Contribution Report

On February 18, 1999, 12 days before the March 2, 1999 election, Respondent Xochilt Ruvalcaba made a personal loan of \$4,000 to Respondent Committee. Within 24 hours of receiving the loan, Respondents were required to report the loan on a late contribution report, but did not do so. By failing to disclose the \$4,000 loan on a late contribution report, Respondents violated Section 84203.

COUNT 3

Failure to Timely File a Semi-annual Campaign Statement

After the March 2, 1999 election, Respondents were required to file a semi-annual campaign statement by July 31, 1999, disclosing contributions received and expenditures made during the reporting period February 14 to June 30, 1999. Respondents did not file the semi-annual campaign statement by the July 31, 1999 due date, in violation of Section 84200, subdivision (a).

On August 26, 1999, South Gate City Clerk Nina Banuelos sent a letter to Respondents advising them to file a semi-annual campaign statement. Respondents did not file the delinquent semi-annual campaign statement until December 23, 1999, five months after the July 31, 1999 due date.

CONCLUSION

This matter consists of three counts, which carry a maximum possible penalty of Six Thousand Dollars (\$6,000).

Regarding Count 1, the typical stipulated administrative penalty for the late filing of a pre-election campaign statement ranges from \$1,000 to \$2,000 per statement. Since Respondent Xochilt Ruvalcaba was a first-time candidate with an inexperienced treasurer, an administrative penalty in the middle of the penalty range is appropriate.

Regarding Count 2, under the Commission's streamlined LCR enforcement program, the approved administrative penalty is 15 percent of the amount of the undisclosed contributions in each report. Since the late contribution was from Respondent Xochilt Ruvalcaba herself, and not some previously unknown contributor, imposition of the standard penalty for that violation is appropriate.

Regarding Count 3, the typical stipulated administrative penalty of the late filing of a post-election semi-annual campaign statement ranges from \$500 to \$1,500 per statement. Since Respondent Xochilt Ruvalcaba was a first-time candidate, an administrative penalty at the middle of the penalty range is appropriate.

The facts of this case therefore justify imposition of the agreed upon penalty of Three Thousand Dollars (\$3,000).